

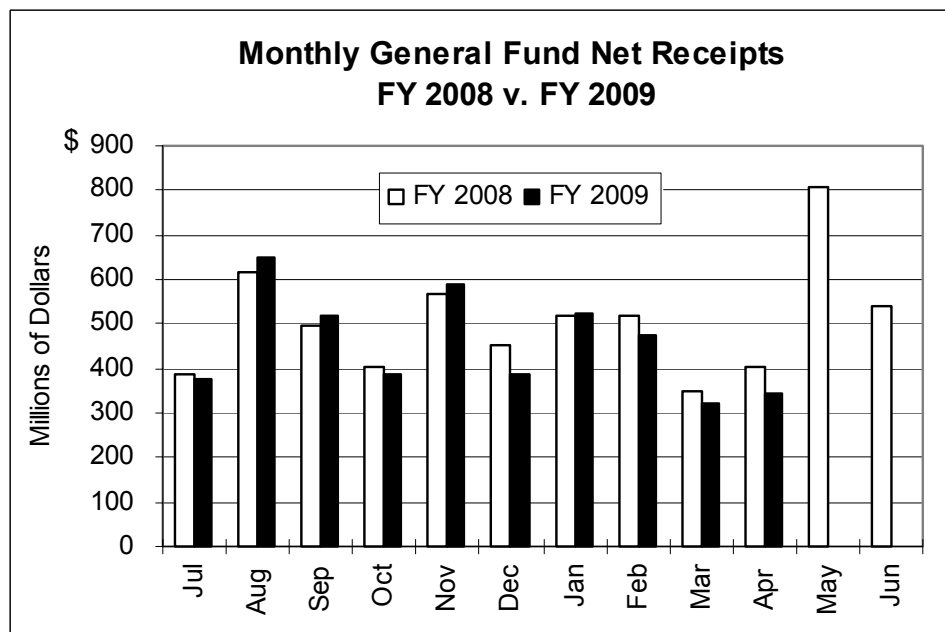
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: May 1, 2009

Monthly General Fund Receipts through April 30, 2009

The attached spreadsheet presents FY 2009 General Fund total net receipts with comparable figures for actual FY 2008. The figures can be compared to the FY 2009 estimate of \$5.862 billion set by the Revenue Estimating Conference (REC) on March 20, 2009. The FY 2009 estimate is a decrease of \$157.9 million (- 2.6%) compared to actual FY 2008 total net receipts (excludes transfers). The next REC meeting has not been scheduled.



FY 2009 Compared to FY 2008

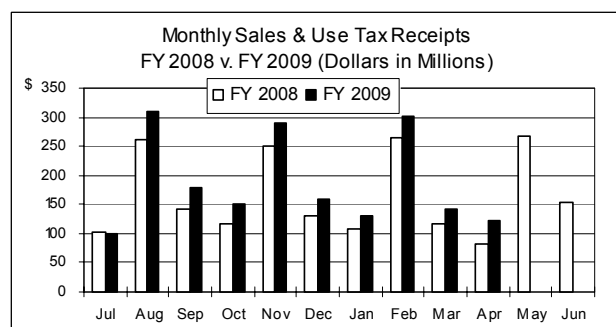
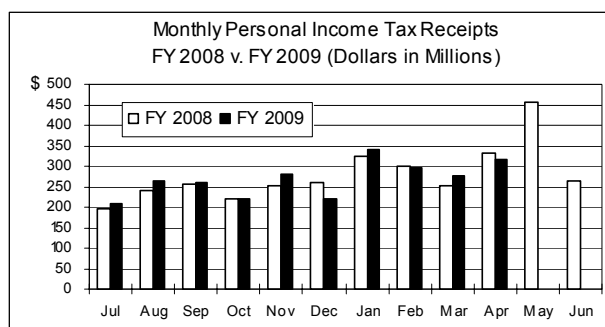
Year-to-date FY 2009 total net receipts (excluding transfers) decreased \$148.3 million (- 3.1%) compared to FY 2008. Major sources and their contribution to the FY 2009 change include:

- Personal income tax (positive \$45.1 million, 1.7%)
- Sales/use tax (positive \$305.2 million, 19.3%)
- Corporate tax (negative \$47.0 million, - 12.9%)
- Other taxes (negative \$20.3 million, - 5.4%)

- Other receipts (negative \$2.2 million, - 0.7%)
- Tax refunds not including school infrastructure refunds (negative \$140.3 million)
- School infrastructure sales/use tax refunds (negative \$288.7 million)

Personal Income Tax revenues received in April totaled \$315.8 million, a decrease of \$17.7 million (- 5.3%) compared to April 2008.

The FY 2009 REC income tax estimate of \$3.363 billion represents a projected increase of 0.1% compared to actual FY 2008. Through April, total income tax receipts increased 1.7%. By subcategory, withholding payments increased \$60.4 million (3.0%), estimate payments decreased \$18.2 million (- 5.2%), and payments with returns increased \$3.0 million (1.2%). The following chart compares FY 2009 monthly income tax receipts from the three personal income tax subcategories with FY 2008.



Sales/Use Tax receipts received in April totaled \$121.7 million, an increase of \$39.3 million (47.7%) compared to April 2008. The State sales/use tax rate was increased from 5.0% to 6.0% beginning July 1, 2008, with the increase replacing the School Infrastructure Local Option (SILO) sales tax. Beginning in August, sales/use gross tax receipts were no longer adjusted for SILO sales tax payments to school districts. This change is the reason for strong monthly sales/use tax increases in FY 2009.

The REC estimate for FY 2009 sales/use tax receipts is \$2.355 billion, an increase of 17.7% compared to actual FY 2008. Through April, total gross sales/use tax receipts have increased 19.3%. The preceding chart compares FY 2009 monthly sales/use tax receipts with FY 2008.

Corporate Tax receipts received in April totaled \$41.9 million, a decrease of \$6.2 million (- 12.9%) compared to April 2008.

The REC estimate for FY 2009 corporate tax revenue is \$407.3 million, a decrease of 15.8% compared to actual FY 2008. Year-to-date total corporate tax revenue has decreased 12.9%.

Other tax receipts received in April totaled \$29.3 million, a decrease of \$4.3 million (- 12.8%) compared to April 2008. Inheritance and cigarette tax receipts were down for the month.

The REC estimate for other tax revenue is \$479.3 million, a decrease of 3.0% compared to actual FY 2008. Through April, other tax revenue decreased 5.4%.

Other receipts (non-tax receipts) received in April totaled \$29.5 million, a decrease of \$0.9 million (- 3.0%) compared to April 2008. Fees and miscellaneous receipts decreased while judicial receipts increased for the month.

The REC estimate for FY 2009 other receipts revenue is \$374.4 million, a decrease of 1.7% compared to actual FY 2008. Year-to-date total other receipts have decreased 0.7%.

Tax Refunds issued in April totaled \$157.9 million, an increase of \$34.0 million (27.4%) compared to April 2008. In addition, school infrastructure refunds totaled \$37.2 million in April.

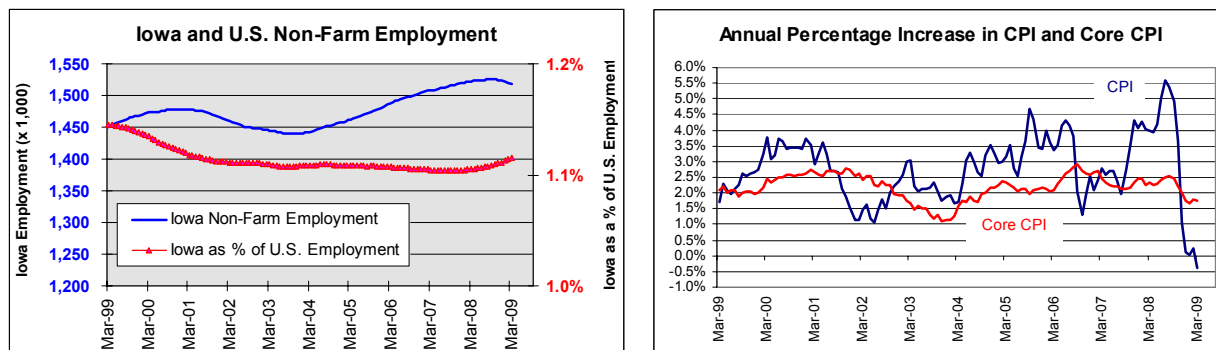
Cash year-to-date tax refunds issued total \$713.4 million, \$140.3 million (24.5%) above the amount through April of last year. In addition, school infrastructure refunds totaled \$288.7 million through April.

Status of the Economy

Iowa non-farm employment was reported at 1,477,600 for the month of March (not seasonally adjusted), 32,000 lower (- 2.1%) than March 2008.

Iowa's 12-month average employment is presented in a graph below. The average non-farm employment pre-2001 recession peak was February 2001 (1,478,700), and the recession low was September 2003 (1,439,900). The 12-month average peaked again in October 2008 at 1,525,400, 46,700 above the 2001 peak and 85,500 above the recession low. The current 12-month average reading is now 1,517,200, so annual average Iowa non-farm employment is 8,200 below the October 2008 peak.

The chart below also presents Iowa non-farm employment as a percent of U.S. non-farm employment. Iowa's share of national non-farm employment decreased noticeably from 1998 through 2002. The decline continued at a much slower pace from 2002 through 2007. Iowa's share of U.S. non-farm employment has been expanding since June 2008 as the rate of economic decline nationally has exceeded the rate of decline in Iowa.



Consumer prices increased 0.2% during March (not seasonally adjusted). The Consumer Price Index (CPI-U) through March 2009 was 212.7 (1983/84=100). The annual rate of inflation peaked at 5.6% in June 2008 and decreased rapidly in the following months. The annual rate now stands at negative 0.4%, the first negative annual rate since August 1955.

Core CPI, an inflation measure excluding food and energy expenditures, increased in March and stands at 1.8%, year-over-year. The core inflation rate declined considerably from the early 1990s through January 2004 when the rate bottomed at 1.1%. The core inflation rate accelerated from that point, with most readings between 2.0% and 3.0%. With the onset of the recent recession, the annual core inflation rate has declined and has now been below 2.0% for four months. For the two components excluded from the core rate, energy prices are down 23.0% year-over-year while food prices are up 4.3%.

Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2008 vs. FY 2009 July 1 through April 30 (in millions of dollars) Dollars may not add due to rounding. Percentages Calculated on Rounded Numbers					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 08 Actual Compared to FY 09 REC Estimate		
	FY 2008	FY 2009	Year to Date % Change	April % Change	Actual FY 2008	Estimate FY 2009	Projected % Change
Personal Income Tax	\$ 2,637.5	\$ 2,682.6	1.7%	-5.3%	\$ 3,359.7	\$ 3,363.1	0.1%
Sales/Use Tax	1,578.1	1,883.3	19.3%	47.7%	2,000.2	2,355.1	17.7%
Corporate Income Tax	365.0	318.0	-12.9%	-12.9%	483.8	407.3	-15.8%
Inheritance Tax	62.2	60.9	-2.1%	-27.5%	78.4	78.4	0.0%
Insurance Premium Tax	67.6	57.8	-14.5%	0.0%	111.7	112.9	1.1%
Cigarette Tax	188.5	179.4	-4.8%	-20.5%	229.5	217.0	-5.4%
Tobacco Tax	17.5	19.8	13.1%	36.8%	21.2	21.8	2.8%
Beer Tax	11.9	12.1	1.7%	10.0%	14.5	14.7	1.4%
Franchise Tax	27.8	25.2	-9.4%	10.4%	37.6	33.5	-10.9%
Miscellaneous Tax	0.8	0.8	0.0%	-33.3%	1.0	1.0	0.0%
Total Special Taxes	\$ 4,956.7	\$ 5,239.8	5.7%	2.2%	\$ 6,337.5	\$ 6,604.8	4.2%
Institutional Payments	12.0	12.8	6.7%	0.0%	14.9	13.7	-8.1%
Liquor Profits	57.4	65.6	14.3%	0.0%	72.4	81.6	12.7%
Interest	24.5	14.2	-42.0%	-20.0%	25.3	14.7	-41.9%
Fees	73.4	67.1	-8.6%	-28.9%	82.1	71.6	-12.8%
Judicial Revenue	72.2	78.9	9.3%	26.1%	90.0	93.3	3.7%
Miscellaneous Receipts	31.3	30.0	-4.2%	-13.8%	36.1	39.5	9.4%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 5,287.7	\$ 5,568.4	5.3%	1.9%	\$ 6,718.3	\$ 6,979.2	3.9%
Accrued Revenue-Net					-24.0	-0.1	
Tax Refunds *	-573.1	-713.4	24.5%	27.4%	-674.8	-760.0	12.6%
School Infrast. Refunds *	0.0	-288.7			0.0	-357.5	
TOTAL NET RECEIPTS	\$ 4,714.6	\$ 4,566.3	-3.1%	-15.1%	\$ 6,019.5	\$ 5,861.6	-2.6%
* For FY 2008 and FY 2009 Year-to-Date, refunds are listed on a cash basis. For FY 2008 Actual and FY 2009 Estimate, refunds are listed on a fiscal year basis.							